GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2187
ANSWERED ON:30.11.2007
PACKAGE FOR FARMERS
Murmu Shri Hemlal

Will the Minister of FINANCE be pleased to state:

(a) whether the attention of the Government has been drawn to the news item captioned "Kishano Ke Liye Ek Aur Paikej Kee Taiyari" as reported in the 'Dainik Jagran' dated November 11, 2007;

(b) if so, the facts of the matter therein; and

(c) the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) : Yes, Sir.

(b) : The News Report, inter-alia, talks about a debt relief package, extending credit to farmers at cheaper rate of interest, preparation of guidelines on debt relief in case of natural calamities and procedural simplification in lending to farmers.

(c) : Keeping in view the extreme conditions of the farmers in the 31 districts of Maharashtra (06), Andhra Pradesh (16), Karnataka (06) and Kerala (03), where the farmers have committed suicides, a relief package was announced for farmers by the Government in 2006. It provides for waiver of the entire interest on overdue loans as on 01.07.2006 such that all farmers have no past interest burden as on that date. It also provides for reschedulement of the overdue loans of the farmers as on 01.07.2006 over a period of 3-5 years with a one year moratorium. To mitigate the distress of the farmers due to various natural calamities in different parts of the country, the extant guidelines issued by Reserve Bank of India for providing relief in areas affected by natural calamities are followed by banks. The guidelines, inter-alia, permit banks to:

Convert/reschedule loans in the event of natural calamity for periods ranging from 3 to 9 years, depending upon the successive crop failure/intensity of damage of crops;

Grant fresh crop loans to affected farmers;

Provide consumption loans to agriculturists whose crops have been damaged.

Besides, the Government has taken the following steps to ensure credit disbursement for agriculture purposes :-

Short Term crop loan upto Rs.3 lakh is being disbursed @ 7% per annum at the ground level.

Commercial Banks and Regional Rural Banks have been advised to finance 50 lakhs new farmers during each of the last three years.

The Banks have been advised to simplify the procedure for documentation for agricultural loans.

Loans upto Rs.50,000/- have been made collateral and margin free. Besides, no 'No Dues Certificate' is required for such amount of loan.

To bring the 'financially excluded' population within the formal banking system, Banks have been instructed to achieve financial outreach through provision of a General Credit Card to households, to open "No Frills" accounts with limited overdraft facilities, to extend financial outreach by utilizing services of Civil Society Organisation like Farmers Clubs, NGOs, Post Offices as Business Facilitator/Business Correspondent Model, etc.